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Bitcoin Cryptocurrency Banned And Under Increasing Scrutiny In Indonesia

Bitcoin Use Is Banned And Under Scrutiny In Indonesian Island Of Bali



By Oladapo Olagoke

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The Indonesian authorities are investigating the use of bitcoin within the holiday island of Bali, amid warnings by the central bank in Southeast Asia's biggest economy over the risks posed by bitcoin according to local report. This has placed the virtual currencies under increasing scrutiny.

According to Causa Iman Karana, head of Bank Indonesia's representative office in Bali:

"We found out from some postings on social media that Bali appeared to have become a haven for Bitcoin transactions. The next step is we will ban them as mandated by the law. We ask them not to use it anymore. Along with the Directorate of Special Crime Investigation unit, we will enforce the rule that all transactions in Indonesia must use rupiah."

Indonesia had previously been reported as having significant local adoption of Bitcoin usage, however, recent reports show that the Indonesian government is trying to restrict the use of the digital currency. The risk of money laundering and criminal activity has led to the increasing scrutiny.

According to Causa, the probe started after the Indonesian Central Bank on Dec. 7, 2017 issued a regulation banning the use of digital currencies in payment systems. He said:

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Karana said that the Indonesian Central Bank officials and police went undercover at the end of 2017 to investigate scores of businesses in Bali advertising online that they offered bitcoin payment services. He stated that the team found two cafes still using bitcoin as a means of payment, but 44 businesses including car rental outlets, hotels, travel companies and jewelry stores, previously offering the service, had now stopped.

One of the cafes used bitcoin only for transactions of more than 243,000 rupiahs, or about 0.001 bitcoin. A single transaction took about 1 and a half hours to be processed and included a fee of 123,000 rupiahs so this had discouraged its wider use for payments, said Karana.

The Central Bank officials refused to name the businesses because he was still waiting for further instructions from Bank Indonesia in Jakarta.

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Some locals in Bali said bitcoin was being used mainly by foreigners on the island, which is Indonesia's tourism hub and has a large expatriate community.

The harsh rhetoric against Bitcoin and other cryptocurrencies falls more in line with the Chinese and potential South Korean bans than the more lenient Australian position.

Bitcoin.co.id, an Indonesian online cryptocurrency exchange, said on its website that bitcoin was trading at 162.70 million rupiah (\$12,247) per unit after losing around a quarter of its value this week.

(\$1 = 13,285.0000 rupiah)

What do you think about the increasing scrutiny faced by bitcoin in Indonesia? Tell us in the comment box

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